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UNCLAS YEREVAN 000505

SIPDIS

SENSITIVE

DEPT FOR EUR/CACEN, EUR/ACE
PM FOR ANN BRIETER

E.O. 12958: N/A

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SUBJECT: GOAM CALLS ON USG TO RECONSIDER FY 2005 FMF
FUNDING LEVELS FOR ARMENIA, AZERBAIJAN

¶1. (U) Sensitive but Unclassified. Protect
Accordingly.

¶2. (SBU) Deputy Foreign Minister Ruben Shugarian demarched DCM February 26 regarding expected differences in FY 2005 military assistance levels for Azerbaijan and Armenia. Shugarian delivered an eleven-point non-paper that called on the USG to reconsider the previously announced FMF assistance numbers. He asserted that disparity of military assistance levels threatened GOAM's ability to maintain the current ceasefire with Azerbaijan. The demarche pointed to "increasingly belligerent" statements made by Azerbaijani leaders as a result of increased USG military funding to Azerbaijan. (Note: The veiled reference presumably referred to comments made in the wake of the recent death of an Armenian soldier during a PFP training program in Budapest. End Note.)

¶3. (SBU) DCM responded by pointing out the global context in which the USG made decisions regarding FMF funds. She highlighted USG priorities for fighting terrorism, maritime security and narcotics trafficking in the region and the relatively greater threats currently faced by Azerbaijan. She said Azerbaijan's capacity to absorb higher levels of military funding also played a role in determining the FY 2005 level of funding. She outlined the next steps in the budget request process and emphasized the role of the U.S. Congress.

¶4. (SBU) Text of the non-paper follows:

BEGIN TEXT

--The Government of the Republic of Armenia is highly appreciative of the assistance provided by the United States of America to the people of Armenia through the years.

--Through this assistance it has become possible to foster transition to a market economy, strengthen democratic institutions, and enforce protection of human rights.

--Military assistance provided to Armenia in the last two years has been instrumental in enhancing the security of the country.

--It was our strong belief that the US, as a co-chair of the Minsk Group and one of the main players in the Nagorno Karabagh dispute settlement, would act especially vigilantly not to jeopardize the fragile military balance presently existing in the region.

--The military balance is the single most important guarantor of the existing self-monitored ceasefire.

--The disparity between the levels of military assistance proposed for Armenia and Azerbaijan for FY 2005 raises doubts about our assumption.

--Increasingly hostile and belligerent statements from Azerbaijan are fueled by the belief that their military resources will indeed increase through various means.

--Recent public statements by the Azerbaijani leadership clearly indicate that they are, at least in part, relying on a possible military venture in the future.

--The Armenian government and the Armenian people relied on US assurances that a waiver of Section 907 would not lead to a disparity in military assistance in the two countries.

--The Government of Armenia is extremely concerned by the proposal of the US Administration and calls upon it to reconsider the decision, as well as to continue to act as an honest broker, and undertake all the necessary steps to ensure peace and stability in the region.

--The Armenian government is prepared to discuss special projects that might fall within a broader security program, and useful in the war on terrorism.

--Yerevan; February 27, 2004.

END TEXT

ORDWAY